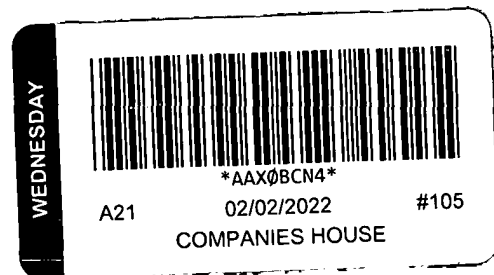


Copper Dog Whisky Limited
Directors' report and financial statements
30 June 2021

Registered number: SC458271



Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

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Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

DIRECTORS' REPORT

The directors are pleased to submit their directors' report, together with the audited financial statements for the year ended 30 June 2021.

The directors are entitled to take advantage of the small companies' exemption in not preparing a strategic report. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Activities and business review

The company is the brand owner of Copper Dog Whisky in the United Kingdom and owns the exclusive rights to distribute and market the brand in the United Kingdom and all over the world.

The directors foresee no changes in the company's activities. The company is incorporated and domiciled as a private company limited by shares in Scotland, United Kingdom. The registered address is 11 Lochside Place, Edinburgh, EH12 9HA, Scotland, United Kingdom.

During 30 June 2021, the Diageo group (the "group") implemented a revised global transfer pricing policy to ensure the way profits are taxed continues to be consistent with business activities and economic substance. The revised global transfer pricing policy, which came into effect on 1 July, 2020, has changed how certain cost and revenue items are recognised in the statement of comprehensive income, and further details are included in note 3 to the financial statements.

On 30 June 2021, the Board approved a share capital subscription of 200,000 ordinary shares of £0.00001 each, for a total consideration of £5,500,000, of which £5,499,998 was allocated to share premium. The total consideration was fully paid by Diageo Great Britain Limited, the immediate shareholder of the company, on the day of the approval.

Going concern

The company is expected to remain in positive net asset position for the foreseeable future. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. On the basis of their assessment, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for period of at least 12 months from the date the financial statements are approved and signed. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In arriving at this conclusion, the directors have also considered the potential impact that the Covid-19 pandemic may have on the company and believe that it would not have an impact on the company's ability to continue as a going concern.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

DIRECTORS' REPORT (continued)

Financial

The results for the year ended 30 June 2021 are shown on page 12.

The loss for the year increased by £843,000 to £2,219,000 from £1,376,000 predominantly due to the higher advertising and promotion contribution to the brand, which is a long term investment for the company to acquire additional market share.

No dividend was paid during the year (2020 - £nil) and there is no dividend proposed to be distributed to the shareholders in regards to the financial year (2020 - £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J M C Edmunds
R J Henderson
K E Major

Directors' remuneration

None of the directors received any remuneration during the year in respect of their services as directors of the company (2020 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

Directors' indemnity

The Articles of Association permit qualifying third-party indemnities for the directors as defined by Section 234 of the Companies Act 2006. No such indemnity was in force during the last financial year, nor is any currently in force.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the group. The internal control and risk management systems over the financial reporting process of Diageo plc, which include those of the company, are discussed in the group's Annual Report 2021 on page 97 at www.diageo.com, which does not form part of this report.

Principal risks and uncertainties facing the company as at 30 June 2021

The principal risks identified by the group are disclosed on page 45 to 48 of Diageo plc's 2021 Annual Report. The most relevant of the group risks to this entity are the ones we have selected and articulated below, together with specific considerations relating to the company's operations and environment. If any of these risks occur, the company's business, financial condition and operational results could suffer. As the company forms part of the group's financial operations, the financial risk management measures used by management to analyse the development, performance and position of the company's business are mainly similar to those facing the group as a whole. The directors consider that the following risks might impact the performance and the solvency or liquidity of the company through its intercompany financing structure.

Changes in exchange rates

Exchange exposures in respect of trading and distribution of scotch whisky is managed in accordance with Diageo's policy which is set out in the group's Annual Report 2021 on page 170, whilst local risk management procedures are applied to mitigate currency risks arising on the trading of scotch whisky.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

DIRECTORS' REPORT (continued)

Principal risks and uncertainties facing the company as at 30 June 2021 (continued)

Changes in consumer preferences and tastes

Products sold by the company are a rare and collectable scotch whisky. Consumer preferences may shift due to a variety of factors including changes in demographic and social trends, and changes in the economic environment.

Inability to increase the market share of the company

The company may have difficulty in gaining market share, and to adapt its products to consumer preferences, thereby threatening revenue, profitability and growth ambitions. The company mitigates this challenge by investing in advertising and promotion, and by exploring new markets.

The company faces competition that may reduce its margins

The company faces growing competition from several international companies. Increased competition and unanticipated actions by competitors or customers could lead to downward pressure on prices which would adversely affect the company's results and hinder its growth potential.

Regulatory decisions and changes in the legal and regulatory environment could increase the company's costs and liabilities or limit its business activities

The company's operations, including those linked to its supplier, Diageo Scotland Limited, are subject to extensive regulatory requirements, which include those in respect of product liability, distribution, marketing, promotion, labelling, advertising, labour, pensions, excise tax and environmental issues. Changes in laws, regulations or governmental policy could cause the company to incur material additional costs or liabilities that could adversely affect its business, predominantly in respect of changes in tax law (including tax rates) which could materially reduce the company's reported after tax profit.

Breach of data privacy laws or regulations could harm the trust and/or reputation of the company, its brand or people and could significantly restrict the company's ability to deliver its digital productivity and growth plans.

Pandemics

Global outbreak of a public health threat or fear of such an event could result in increased government restrictions and regulations including the shutdown of the on-trade, restrictions to travel, and quarantining of employees resulting in a negative impact to consumer demand, or a slowdown or halting of the group business operations due to supply or logistic constraints and could adversely impact the group financial performance. To mitigate these challenges the group regularly gathers data and obtains insights which enable management to assess conditions in the markets where the group operates and to amend forecasts and investment decisions appropriately.

The directors have assessed that the key impacts from the Covid-19 pandemic on the company would be in respect of any change in credit risk impacting the valuation of intercompany receivables and the effect of Covid-19 on remote working and ability to access IT systems, along with a potentially heightened cyber risk.

The directors believe that the risk mitigation actions taken by the group in relation to the Covid-19 pandemic, which incorporate those taken on behalf of the company, have been agile and effective and that the group will maintain adequate liquidity and be strongly positioned for a recovery in consumer demand. During the year, the group took actions to protect the business and support Diageo partners and communities. Further information is disclosed on pages 45 to 48 of Diageo plc's 2021 Annual Report.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

DIRECTORS' REPORT (continued)

Principal risks and uncertainties facing the company as at 30 June 2021 (continued)

Brexit

The European Union and the United Kingdom have agreed the EU-UK Trade and Cooperation Agreement which fully came into force on 1 May 2021. We remain of the view that the direct financial impact to the group or the company will not be material. A cross-functional working group is in place to identify and assess the consequences of Brexit, with all major functions within our business represented, including the function of raising external funding. The group will monitor the implications of the Agreement very closely, as well as the broader environment risks, including a continuing focus on identifying critical decision points to ensure potential disruption is minimised, and take prudent actions to mitigate these risks wherever practical.

Climate change

Climate change poses a risk to the group for decades to come. Both physical risks, such as changes in climate and acute weather events, and transition risks, such as impacts on economies, changes in consumer attitude, and regulatory developments, have the potential to affect the group. The company might be impacted through its supplier, Diageo Scotland Limited, and the future performance of this business. Diageo Scotland Limited is the supplier of inventory for the company, and its principal activities are the distillation, warehousing, maturation, bottling and packaging of Scotch whisky and other spirits and distribution to fellow group undertakings and third parties.

The group conducted a detailed climate change risk assessment (CCRA) this year in North America and Scotland. The group chose these two regions since they account for around half of the group's net sales value globally, are home to many of the group's manufacturing sites, and have extensive global raw material supply chains. This review found that, with respect to Scotland, risks related to water temperature and wildfire hazard are projected to significantly increase in the future. By contrast, whilst extreme cold events will continue to be a risk, overall, the risks associated with this hazard are projected to improve due to warming temperatures. In addition, sea level rise and coastal flooding may have an impact on assets near to the coastlines.

Results of CCRA's are shared with markets in scope. Those markets then assess the results and recommendations for their market, add risks to the market risk register as appropriate, and develop mitigation plans and document these within the existing risk management process. The group then tracks climate risk mitigation efforts.

Physical and transition climate change risks could reduce the company's profit due to an increase in the costs of producing the inventory sold by the company. It may also impact trust and reputation amongst consumers and other stakeholders of the group. Further information on the group's risk management measures in relation to climate change is disclosed on page 46 of Diageo plc's Annual Report.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, have been reappointed and will continue in office as independent auditors of the company.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

DIRECTORS' REPORT (continued)

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

DocuSigned by:



BF755B49D9674EA...

R J Henderson
Director

11 Lochside Place
Edinburgh
EH12 9HA
Scotland

16 December 2021

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Copper Dog Whisky Limited

Report on the audit of the financial statements

Opinion

In our opinion, Copper Dog Whisky Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2021; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to, UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the directors, management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In particular, in relation to the recoverability of amounts owed by fellow group undertakings; and
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to be 'Steve Reid', with a long horizontal line extending to the right.

Steve Reid (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 December 2021

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

STATEMENT OF COMPREHENSIVE INCOME

| | | Year ended 30 June 2021 | Year ended 30 June 2020 |
|---------------------------------------------------------------------------------|--------------|------------------------------------|------------------------------------|
| | Notes | £ 000 | £ 000 |
| Turnover | 2 | 1,885 | 1,069 |
| Cost of sales | 3 | <u>(1,598)</u> | <u>(755)</u> |
| Gross profit | | 287 | 314 |
| Marketing expense | 3 | (293) | (1,514) |
| Other operating expenses | 3 | <u>(2,506)</u> | <u>(326)</u> |
| Operating loss | | (2,512) | (1,526) |
| Finance charges | 4 | <u>(213)</u> | <u>(154)</u> |
| Loss before taxation on ordinary activities | | (2,725) | (1,680) |
| Taxation on loss on ordinary activities | 5 | <u>506</u> | <u>304</u> |
| Loss for the financial year and total comprehensive expense for the year | | <u>(2,219)</u> | <u>(1,376)</u> |

The accompanying notes are an integral part of these financial statements.

The company had no other comprehensive income or expense during the current and previous year.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

BALANCE SHEET

| | | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|---------------------------------|--------------|----------------------------------------------|----------------------------------------------|
| | Notes | | |
| Non-current assets | | | |
| Intangible assets | 6 | — | — |
| | | — | — |
| Current assets | | | |
| Trade and other receivables | 7 | 2,296 | 795 |
| Cash and cash equivalents | | — | — |
| Total assets | | 2,296 | 795 |
| Current liabilities | | | |
| Trade and other payables | 8 | (1,625) | (3,405) |
| Total liabilities | | (1,625) | (3,405) |
| Net assets/(liabilities) | | 671 | (2,610) |
| Equity | | | |
| Called up share capital | 10 | — | — |
| Share premium | 10 | 10,000 | 4,500 |
| Retained deficit | | (9,329) | (7,110) |
| Total equity | | 671 | (2,610) |

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The accounting policies and other notes on pages 15 to 23 form part of the financial statements.

These financial statements on pages 12 to 23 were approved by the Board of directors on 16 December 2021 and were signed on its behalf by:

DocuSigned by:


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R J Henderson

Director

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

| | Called up Share capital £ 000 | Share premium £ 000 | Retained deficit £ 000 | Total £ 000 |
|----------------------------------------------------------------|--------------------------------------------------|------------------------------------|---------------------------------------|------------------------|
| Balance at 30 June 2019 | — | 4,500 | (5,734) | (1,234) |
| Loss for the financial year and total comprehensive expense | — | — | (1,376) | (1,376) |
| Balance at 30 June 2020 | — | 4,500 | (7,110) | (2,610) |
| Loss for the financial year and total comprehensive expense | — | — | (2,219) | (2,219) |
| Shares issued | — | 5,500 | — | 5,500 |
| Balance at 30 June 2021 | — | 10,000 | (9,329) | 671 |

The accompanying notes are an integral part of these financial statements.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and sets out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a going concern basis under the historical cost convention, except that certain financial instruments are measured at their fair value.

The company is a wholly owned subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available.

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- The following paragraphs of IAS 8, 'Accounting policies, changes in accounting estimates and errors':
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).
- The following paragraphs of IAS 24 'Related party disclosures':
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- Paragraphs 110, 113(a), 114, 115, 118, 119(a) to 119(c), 120 to 127, and 129 of IFRS 15 'Revenue from contracts with customers' (disclosures on contract with customers, on significant judgements, and changes in the judgements, and on assets recognised from the costs to obtain or fulfil a contract with a customer).

These financial statements are separate financial statements.

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB which have been endorsed by the EU, have been adopted by the group and therefore by the company from 1 July 2020 with no impact on the company's results, financial position or disclosures:

- Amendments to References to the Conceptual Framework in IFRSs;
- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IAS 1 and IAS 8 - Definition of Material;
- Amendments to IFRS 16 - Covid-19 - Related Rent Concessions;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (phase 1);
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement.

The following amendment and standard, issued by the IASB have not been adopted by the company:

- IFRS 17 – Insurance contracts
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 2)

Functional and presentational currency

These financial statements are presented in pound sterling (£), which is the company's functional currency.

All financial information presented in pound sterling has been rounded to the nearest thousand unless otherwise stated.

Turnover

Turnover comprises revenue from the sale of goods. Revenue from the sale of goods excludes amounts collected on behalf of third parties, such as value added tax. Sales are recognised depending upon individual customer terms at the time of despatch, delivery or some other specified point when the control transfers and the performance obligation is satisfied. The company includes in sales the net consideration to which it expects to be entitled. Sales are recognised to the extent that it is highly probable that a significant reversal will not occur. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

Cost of sales

Cost of sales represents the cost of the inventory sold during the year. Cost of inventory is the direct cost incurred in respect of manufacturing, distilling, bottling and freight paid, which represents the cost paid to Diageo Scotland Limited, the supplier of inventory for the company.

Copper Dog Whisky Limited
Registered number: SC458271
Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Marketing expenses

Marketing expenditure, such as advertising costs, points of sale materials and sponsorship payments, are charged to the statement of comprehensive income within marketing expenses when the company has the right of access to the goods or services acquired.

Other operating expenses

Other operating expenses, including brand contribution expenses, professional fees and other external charges, that are accounted for in the period to which they relate.

Finance income/charges

Finance income/charges are recognised in the statement of comprehensive income in the year in which it is earned/incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

Intangible assets

Goodwill and intangible assets that are regarded as having indefinite useful economic lives are not amortised and are reviewed for impairment at least annually or when there is an indication that the assets may be impaired. Impairment reviews compare the net carrying value with the recoverable amount (where recoverable amount is the higher of fair value less cost to sell and value in use). Amortisation and any impairment write downs are charged to other operating expenses in the statement of comprehensive income.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value, where permitted by IFRS 9, including any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value, the company does not apply the fair value option.

Trade and other receivables

Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade receivables are stated at their nominal value as they are due on demand. Allowance for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowance are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Copper Dog Whisky Limited
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Year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Trade and other payables

Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Trade payables are non-interest bearing and are stated at their nominal value as they are due on demand.

Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Taxation

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items, that are never taxable or tax deductible. Tax benefits are not recognised unless it is probable that the tax positions are sustainable. Once considered to be probable, tax benefits are reviewed each year to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Tax provisions are included in current liabilities. Penalties and interest on tax liabilities are included in profit before taxation.

Full provision for deferred tax is made for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount and is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised where it is more likely than not that the asset will not be realised in the future.

Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and judgements concerning the future of the company. The resulting accounting estimates will, by definition, seldom equate to actual results. The company's directors are of the opinion that there are no estimates and assumptions that have a significant risk of casting material adjustment to the carrying value of the assets and liabilities for the company within the next financial year due to the nature of the business.

There is no critical accounting policy, which the directors consider is of greater complexity and particularly subject to the exercise of judgements and estimates.

Copper Dog Whisky Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER

The turnover and loss on ordinary activities before taxation are attributable to one class of business that is distribution of Copper Dog Blended Malt Scotch.

Geographical analysis of turnover

| | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|-----------------------|----------------------------------------------|----------------------------------------------|
| Europe | 402 | 477 |
| Asia Pacific | 639 | 472 |
| Rest of the world | 1 | 9 |
| North America | 843 | 111 |
| Total turnover | 1,885 | 1,069 |

Sales to fellow group undertakings included in turnover amounted to £1,593,000 (2020 - £972,000).

3. OPERATING COSTS

| | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|--------------------------|----------------------------------------------|----------------------------------------------|
| Cost of sales | 1,598 | 755 |
| Marketing expenses | 293 | 1,514 |
| Other operating expenses | 2,506 | 326 |
| | 4,397 | 2,595 |
| Comprising: | | |
| Cost of inventory | 1,598 | 755 |
| Marketing expenses | 293 | 1,514 |
| Other external charges | 156 | 302 |
| Other operating expenses | 2,350 | 24 |
| | 4,397 | 2,595 |

Other external charges include consultancy fees of £120,000 (2020 - £120,000), software licenses of £nil (2020 - £60,000), travel and entertainment expenses of £nil (2020 - £38,000), intercompany management charges of £nil (2020 - £34,000), and auditors' remuneration of £34,950 (2020 - £30,000), which was accrued for the year. There were no fees payable to the auditors in respect of non-audit services (2020 - £nil). Other external charges also include bank charges of £1,000 (2020 - £1,000).

The company did not employ any staff during either the current or prior year.

None of the directors received any remuneration during the financial year in respect of their services as directors of the company (2020 - £nil). The directors were paid by fellow group undertakings, and no cost was recharged to the company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OPERATING COSTS (continued)

During 30 June 2021, the group implemented a revised global transfer pricing policy to ensure the way profits are taxed continues to be consistent with business activities and economic substance. The revised global transfer pricing policy, which came into effect on 1 July 2020, has changed how certain cost and revenue items are recognised in the statement of comprehensive income. In the year ended 30 June 2020, turnover of £1,069,000 included an intercompany selling price adjustment of £267,000 reduction to turnover. Similarly, marketing expenses of £1,514,000 included intercompany brand advertising and promotion contributions of £1,189,000. In the year ended 30 June 2021, the equivalent of the intercompany selling price adjustment and brand advertising and promotion contributions have been recognised within other operating expenses, in the amount of £2,351,000, to reflect the new intercompany recharge mechanism as a result of the revised global transfer pricing policy.

4. FINANCE CHARGES

| | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Interest charge from fellow group undertakings | (213) | (154) |
| | <u>(213)</u> | <u>(154)</u> |

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

| | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------|
| (a) Analysis of taxation credit for the year | | |
| Current tax | | |
| UK corporation tax | 506 | 304 |
| Total current tax | <u>506</u> | <u>304</u> |
| Total deferred tax | <u>—</u> | <u>—</u> |
| Taxation on loss on ordinary activities | <u>506</u> | <u>304</u> |

Copper Dog Whisky Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

| | Year ended 30 June 2021 £ 000 | Year ended 30 June 2020 £ 000 |
|----------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| (b) Factors affecting total tax credit for the year | | |
| Loss on ordinary activities before taxation | <u>(2,725)</u> | <u>(1,680)</u> |
| Taxation on loss on ordinary activities at UK corporation tax rate of 19% (2020 - 19%) | 518 | 319 |
| Expenses not deductible | (11) | (14) |
| Transfer pricing adjustments | (1) | (1) |
| Total tax credit for the year | <u>506</u> | <u>304</u> |

The UK corporation tax rate for the year ended 30 June 2021 is 19% which has been effective since 1 April 2017. In the Spring Budget 2021, the UK Government announced an increase in the corporation tax rate to 25% which will apply from 1 April 2023. The legislation increasing the tax rate to 25% rate was substantively enacted on 24 May 2021.

6. INTANGIBLE ASSETS

| | Brand £ |
|---------------------------------|-----------------|
| Cost and carrying amount | |
| At 30 June 2020 | <u>1</u> |
| At 30 June 2021 | <u>1</u> |

7. TRADE AND OTHER RECEIVABLES

| | 30 June 2021 £ 000 | 30 June 2020 £ 000 |
|-------------------------------------------|-----------------------|-----------------------|
| Amounts owed by fellow group undertakings | 2,199 | 601 |
| Trade debtors | 35 | 47 |
| Value added tax | 62 | 147 |
| | <u>2,296</u> | <u>795</u> |

Amounts owed by Diageo Finance plc of £1,181,000 (2020 - payable of £2,825,000) are unsecured, repayable on demand, and bear interest at a floating rate. All other amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

Copper Dog Whisky Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TRADE AND OTHER PAYABLES

| | 30 June 2021 | 30 June 2020 |
|-------------------------------------------------|---------------------|---------------------|
| | £ 000 | £ 000 |
| Amounts owed to other fellow group undertakings | 1,560 | 3,315 |
| Accruals and deferred income | 65 | 90 |
| | <u>1,625</u> | <u>3,405</u> |

All other amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

On 30 June 2021, the Board approved a share capital subscription of 200,000 ordinary shares of £0.00001 each, for a total consideration of £5,500,000. The proceeds from the transaction were used to repay its loan to Diageo Finance plc, in the amount of £4,307,000. The remaining amount was deposited with Diageo Finance plc.

9. DEFERRED TAX ASSETS

Unrecognised deferred tax assets

Deferred tax assets have been recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Where this is not the case, deferred tax assets have not been recognised, as set out below:

| | 30 June 2021 | 30 June 2020 |
|-----------------------------|---------------------|---------------------|
| | £ 000 | £ 000 |
| Trading losses - indefinite | <u>908</u> | <u>690</u> |

10. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

| | 30 June 2021 | 30 June 2020 |
|-----------------------------------------------------------|---------------------|---------------------|
| | £ | £ |
| 342,858 (2020 - 142,858) ordinary shares of £0.00001 each | <u>3</u> | <u>1</u> |

On 30 June 2021, the Board approved a share capital subscription of 200,000 ordinary shares of £0.00001 each, for a total consideration of £5,500,000, of which £5,499,998 was allocated to share premium. The total consideration was fully paid by Diageo Great Britain Limited, the immediate shareholder of the company, on the day of the approval.

Copper Dog Whisky Limited
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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company is Diageo Great Britain Limited, a company incorporated and registered in England, United Kingdom.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Diageo plc. Diageo plc is incorporated and registered in England, United Kingdom. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom.